

Senate Study Bill 3146 - Introduced

SENATE FILE _____
BY (PROPOSED COMMITTEE ON
ECONOMIC GROWTH BILL BY
CHAIRPERSON HART)

A BILL FOR

1 An Act modifying the state sales tax rebate to the owner or
2 operator of a baseball and softball tournament facility and
3 movie site.
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 423.2, subsection 11, paragraph a,
2 subparagraph (2), Code 2016, is amended to read as follows:

3 (2) Subsequent to the deposit into the general fund of
4 the state, the director shall credit an amount equal to the
5 product of the sales tax rate imposed in [this section](#) times
6 the sales price of the tangible personal property or services
7 furnished to purchasers at a baseball and softball ~~tournament~~
8 ~~facility and movie site complex~~ meeting the qualifications of
9 section 423.4, subsection 10, into the baseball and softball
10 ~~tournament facility and movie site complex~~ sales tax rebate
11 fund created under [section 423.4, subsection 10](#), paragraph "e".
12 The director shall credit the moneys beginning the first day of
13 the quarter following July 1, ~~2012~~ [2016](#). This subparagraph is
14 repealed ~~June 30, 2024, or~~ thirty days following the date on
15 which sixteen million five hundred thousand dollars in total
16 rebates have been provided under section 423.4, subsection
17 ~~10, or thirty days following the date on which rebates cease~~
18 ~~as provided in [section 423.4, subsection 10](#), paragraph "c",~~
19 ~~subparagraph (4), whichever is earliest.~~

20 Sec. 2. Section 423.2, subsection 11, paragraph b,
21 subparagraph (4), Code 2016, is amended to read as follows:

22 (4) Transfer to the baseball and softball ~~tournament~~
23 ~~facility and movie site complex~~ sales tax rebate fund that
24 portion of the sales tax receipts described in paragraph "a",
25 subparagraph (2), remaining after the transfers required
26 under subparagraphs (1), (2), and (3) of this paragraph "b".
27 This subparagraph is repealed ~~June 30, 2024, or~~ thirty days
28 following the date on which sixteen million five hundred
29 thousand dollars in total rebates have been provided under
30 section 423.4, subsection 10, ~~or thirty days following the date~~
31 ~~on which rebates cease as provided in section 423.4, subsection~~
32 ~~10, paragraph "c", subparagraph (4), whichever is earliest.~~

33 Sec. 3. Section 423.4, subsection 10, Code 2016, is amended
34 to read as follows:

35 10. a. For purposes of [this subsection](#):

1 (1) ~~"Baseball and softball tournament facility and movie~~
2 ~~site"~~ means a baseball and softball tournament complex and
3 ~~tourist destination, which facility is located on a maximum of~~
4 ~~two hundred seventy-nine acres, located inside or within three~~
5 ~~miles of the city limits of a city with a population of at least~~
6 ~~four thousand but not more than five thousand five hundred~~
7 ~~residents, which city is located in a county with a population~~
8 ~~of at least ninety-three thousand but not more than one hundred~~
9 ~~thousand residents and where the construction on the baseball~~
10 ~~and softball tournament facility commenced not later than July~~
11 ~~1, 2013, and the cost of the construction upon completion was~~
12 ~~at least thirty-eight million dollars.~~ "Baseball and softball
13 complex" means a baseball and softball complex located in this
14 state that has a project completion date that is after July 1,
15 2016, and that has a cost of construction upon completion that
16 is at least ten million dollars.

17 (2) "Change of control" means any of the following:

18 (a) Any change in the ownership of the original or any
19 subsequent legal entity that is the owner or operator of the
20 baseball and softball tournament facility and movie site
21 complex such that more than fifty-one percent of the equity
22 interests or voting interest in the legal entity ~~cease~~ ceases
23 to be owned by individuals who are residents of Iowa, an Iowa
24 corporation, or combination of both.

25 (b) The original owners of the legal entity that is the
26 owner or operator of the baseball and softball tournament
27 ~~facility and movie site~~ complex shall collectively cease to
28 own or control more than fifty percent of the voting equity
29 interests or voting interest of such legal entity or shall
30 otherwise cease to have effective control of such legal entity.

31 (3) "Iowa corporation" means a corporation incorporated
32 under the laws of Iowa where more than fifty-one percent of the
33 corporation's equity interests or voting interest are owned or
34 controlled by individuals who are residents of Iowa.

35 (4) "Owner or operator" means a ~~for-profit~~ legal entity

1 where more than fifty-one percent of its equity interests are
2 or voting interest is owned or controlled by individuals who
3 are residents of Iowa, an Iowa corporation, or combination
4 of both and that is the owner or operator of a baseball and
5 softball ~~tournament facility and movie site~~ complex and is
6 primarily a promoter of baseball and or softball tournaments,
7 or both.

8 (5) ~~"Population" means the population based upon the 2010~~
9 ~~certified federal census. "Project completion date" means the~~
10 date on which a baseball and softball complex is placed into
11 service.

12 b. The owner or operator of a baseball and softball
13 ~~tournament facility and movie site~~ complex may apply to the
14 department for a rebate of sales tax imposed and collected
15 by retailers upon sales of any goods, wares, merchandise,
16 admission tickets, or services furnished to purchasers at
17 the baseball and softball ~~tournament facility and movie site~~
18 complex.

19 c. The rebate may be obtained only in the following amounts
20 and manner and only under the following conditions:

21 (1) On forms furnished by the department within the time
22 period provided by the department by rule, which time period
23 shall not be longer than quarterly.

24 (2) The owner or operator shall provide information as
25 deemed necessary by the department.

26 (3) The transactions for which sales tax was collected and
27 the rebate is sought occurred on or after ~~January 1, 2014, but~~
28 ~~before January 1, 2024~~ the baseball and softball complex's
29 project completion date but before the date which is ten years
30 after that project completion date. However, not more than
31 two million five hundred thousand dollars in rebates shall be
32 provided to any one baseball and softball complex, and not more
33 than sixteen million five hundred thousand dollars in total
34 rebates shall be provided pursuant to **this subsection.**

35 (4) Notwithstanding subparagraph (3), the rebate of

1 sales tax to a baseball and softball complex shall cease for
2 transactions occurring on or after the date of the change of
3 control of the baseball and softball ~~tournament facility and~~
4 ~~movie site~~ complex.

5 d. To assist the department in determining the amount of the
6 rebate, the owner or operator shall identify to the department
7 retailers located at the baseball and softball ~~tournament~~
8 ~~facility and movie site~~ complex who will be collecting sales
9 tax. The department shall verify such identity and ensure
10 that all proper permits have been issued. For purposes of
11 this subsection, advance ticket and admissions sales shall be
12 considered occurring at the baseball and softball ~~tournament~~
13 ~~facility and movie site~~ complex regardless of where the
14 transactions actually occur.

15 e. There is established within the state treasury under
16 the control of the department a baseball and softball
17 ~~tournament facility and movie site~~ complex sales tax rebate
18 fund consisting of the amount of state sales tax revenues
19 transferred pursuant to [section 423.2, subsection 11](#), paragraph
20 "b", subparagraph (4). An account is created within the fund
21 for each baseball and softball ~~tournament facility and movie~~
22 ~~site~~ complex meeting the qualifications of [this subsection](#).
23 Moneys in the fund shall only be used to provide rebates of
24 state sales tax pursuant to [this subsection](#), and only the state
25 sales tax revenues in the baseball and softball ~~tournament~~
26 ~~facility and movie site~~ complex rebate fund are subject to
27 rebate under [this subsection](#). Not more than two million five
28 hundred thousand dollars in total rebates shall be paid from
29 each baseball and softball complex's account within the fund,
30 and not more than sixteen million five hundred thousand dollars
31 in total rebates shall be paid from the fund. Any moneys in
32 the fund which represent state sales tax revenue for which the
33 time period in paragraph "c" for receiving a rebate has expired,
34 or which otherwise represent state sales tax revenue that has
35 become ineligible for rebate pursuant to [this subsection](#), shall

1 immediately revert to the general fund of this state.

2 *f.* Upon determining that the conditions and requirements
3 of *this subsection* and the department are met, the department
4 shall issue a warrant from the applicable account within the
5 baseball and softball ~~tournament facility and movie site~~
6 complex rebate fund to the owner or operator in the amount
7 equal to the amount claimed and verified by the department.

8 *g.* *This subsection* is repealed ~~June 30, 2024, or thirty~~
9 days following the date on which sixteen million five hundred
10 thousand dollars in total rebates have been provided, ~~or thirty~~
11 ~~days following the date on which rebates cease as provided in~~
12 ~~paragraph "c", subparagraph (4), whichever is the earliest.~~
13 The director of revenue shall notify the Iowa Code editor upon
14 occurrence of this condition.

15 EXPLANATION

16 The inclusion of this explanation does not constitute agreement with
17 the explanation's substance by the members of the general assembly.

18 This bill modifies the rebate of state sales tax to the owner
19 or operator of a baseball and softball tournament facility and
20 movie site.

21 BACKGROUND. 2012 Iowa Acts, chapter 1098, enacted a sales
22 tax rebate to the owner or operator of a baseball and softball
23 tournament facility and movie site (facility). In order to
24 be eligible for the rebate, the facility must be located on a
25 maximum of 279 acres and located inside or within three miles
26 of the city limits of a city with a population between 4,000
27 and 5,500, which is located in a county with a population
28 between 93,000 and 100,000. Construction on the facility
29 must commence not later than July 1, 2013, and the cost of
30 construction must be at least \$38 million.

31 The rebate only applies to state sales tax collected at
32 the facility between January 1, 2014, and December 31, 2023.
33 The rebate ceases if control of the facility changes. The
34 rebate provision is repealed June 30, 2024, or 30 days after a
35 total of \$16.5 million has been rebated, or 30 days following

1 the change of control causing the rebates to cease, whichever
2 occurs earlier.

3 CHANGES IN BILL. The bill changes the name of the qualifying
4 "baseball and softball tournament facility and movie site"
5 to a "baseball and softball complex" (complex) and changes
6 the requirements to qualify for the rebate. A complex will
7 qualify for the rebate if it is located in this state, has
8 a project completion date that is after July 1, 2016, and
9 has construction costs of at least \$10 million. "Project
10 completion date" is defined in the bill to mean the date on
11 which the complex is placed into service.

12 The bill removes the requirement that the legal entity
13 that is the owner or operator of the complex be a for-profit
14 legal entity, and further modifies the percentage-of-ownership
15 requirements for qualification as an owner or operator and
16 for the occurrence of a change of control to specify that the
17 percentage is calculated using the equity interests or voting
18 interest owned or controlled by Iowa residents. Under current
19 law, the calculation only considers equity interests owned by
20 Iowa residents.

21 The bill changes the availability of the rebate for each
22 complex to specify that the rebate only applies to sales tax
23 collected for the 10-year period beginning on or after the
24 complex's project completion date.

25 The bill specifies that any one complex cannot receive more
26 than \$2.5 million in total rebates. The bill changes the
27 repeal date of the rebate provision to provide that the rebate
28 is repealed 30 days after a total of \$16.5 million has been
29 rebated.